

107TH CONGRESS
1ST SESSION

H. R. 3364

To provide for premium assistance for COBRA continuation coverage for certain individuals and to permit States to provide temporary Medicaid coverage for certain uninsured employees.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 28, 2001

Mr. GOODE (for himself and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committees on Energy and Commerce, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for premium assistance for COBRA continuation coverage for certain individuals and to permit States to provide temporary Medicaid coverage for certain uninsured employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Health Care Coverage
5 Assistance for the Unemployed Act of 2001”.

1 **SEC. 2. PREMIUM ASSISTANCE FOR COBRA CONTINUATION**

2 **COVERAGE.**

3 (a) ESTABLISHMENT.—

4 (1) IN GENERAL.—Not later than 60 days after
5 the date of enactment of this Act, the Secretary of
6 Labor shall establish a program under which pre-
7 mium assistance for COBRA continuation coverage
8 shall be provided for qualified individuals under this
9 section.

10 (2) QUALIFIED INDIVIDUALS.—For purposes of
11 this section, a qualified individual is an individual
12 who—

13 (A) establishes that the individual—

14 (i) on or after January 1, 2001, and
15 before January 1, 2003, became entitled to
16 elect COBRA continuation coverage (other
17 than solely on the basis described in para-
18 graph (3), (4), (5), or (6) of section 603
19 of the Employee Retirement Income Secu-
20 rity Act of 1974); and

21 (ii) has elected such coverage; and

22 (B) enrolls in the premium assistance pro-
23 gram under this section by not later than De-
24 cember 31, 2002.

25 (b) LIMITATION OF PERIOD OF PREMIUM ASSIST-
26 ANCE.—Premium assistance provided under this sub-

1 section shall end with respect to an individual on the ear-
2 lier of—

3 (1) the date the individual is no longer covered
4 under COBRA continuation coverage; or

5 (2) 18 months after the date the individual is
6 first enrolled in the premium assistance program es-
7 tablished under this section.

8 (c) PAYMENT, AND CREDITING OF ASSISTANCE.—

9 (1) AMOUNT OF ASSISTANCE.—Premium assist-
10 ance provided under this section shall be equal to 75
11 percent of the amount of the premium required for
12 the COBRA continuation coverage.

13 (2) PROVISION OF ASSISTANCE.—Premium as-
14 sistance provided under this section shall be pro-
15 vided through the establishment of direct payment
16 arrangements with the administrator of the group
17 health plan (or other entity) that provides or admin-
18 isters the COBRA continuation coverage. It shall be
19 a fiduciary duty of such administrator (or other en-
20 tity) to enter into such arrangements under this sec-
21 tion.

22 (3) PREMIUMS PAYABLE BY QUALIFIED INDIVIDUAL
23 REDUCED BY AMOUNT OF ASSISTANCE.—
24 Premium assistance provided under this section shall
25 be credited by such administrator (or other entity)

1 against the premium otherwise owed by the indi-
2 vidual involved for such coverage.

3 (d) CHANGE IN COBRA NOTICE.—

4 (1) GENERAL NOTICE.—

5 (A) IN GENERAL.—In the case of notices
6 provided under sections 606 of the Employee
7 Retirement Income Security Act of 1974, sec-
8 tion 2206 of the Public Health Service Act, and
9 section 4980B(f)(6) of the Internal Revenue
10 Code of 1986 with respect to individuals who,
11 on or after January 1, 2001, and before Janu-
12 ary 1, 2003, become entitled to elect COBRA
13 continuation coverage, such notices shall include
14 an additional notification to the recipient of the
15 availability of premium assistance for such cov-
16 erage under this section.

17 (B) ALTERNATIVE NOTICE.—In the case of
18 COBRA continuation coverage to which the no-
19 tice provisions described in subparagraph (A)
20 do not apply, the Secretary of Labor shall, in
21 coordination with administrators of the group
22 health plans (or other entities) that provide or
23 administer the COBRA continuation coverage
24 involved, assure provision of such notice.

1 (C) FORM.—The requirement of the addi-
2 tional notification under this paragraph may be
3 met by amendment of existing notice forms or
4 by inclusion of a separate document with the
5 notice otherwise required.

6 (2) SPECIFIC REQUIREMENTS.—Each additional
7 notification under paragraph (1) shall include—

8 (A) the forms necessary for establishing
9 eligibility under subsection (a)(2)(A) and enroll-
10 ment under subsection (a)(2)(B) in connection
11 with the coverage with respect to each covered
12 employee or other qualified beneficiary;

13 (B) the name, address, and telephone num-
14 ber necessary to contact the plan administrator
15 and any other person maintaining relevant in-
16 formation in connection with the premium as-
17 sistance; and

18 (C) the following statement displayed in a
19 prominent manner:

20 “You may be eligible to receive assistance with pay-
21 ment of 75 percent of your COBRA continuation coverage
22 premiums for a duration of not to exceed 18 months.”.

23 (3) NOTICE RELATING TO RETROACTIVE COV-
24 ERAGE.—In the case of such notices previously
25 transmitted before the date of the enactment of this

1 Act in the case of an individual described in para-
2 graph (1) who has elected (or is still eligible to elect)
3 COBRA continuation coverage as of the date of the
4 enactment of this Act, the administrator of the
5 group health plan (or other entity) involved or the
6 Secretary of Labor (in the case described in the
7 paragraph (1)(B)) shall provide (within 60 days
8 after the date of the enactment of this Act) for the
9 additional notification required to be provided under
10 paragraph (1).

11 (4) MODEL NOTICES.—The Secretary of Labor
12 shall prescribe models for the additional notification
13 required under this subsection.

14 (e) OBLIGATION OF FUNDS.—This section con-
15 stitutes budget authority in advance of appropriations
16 Acts and represents the obligation of the Federal Govern-
17 ment to provide for the payment of premium assistance
18 under this section.

19 (f) PROMPT ISSUANCE OF GUIDANCE.—The Sec-
20 retary of Labor shall issue guidance under this section not
21 later than 30 days after the date of the enactment of this
22 Act.

23 (g) DEFINITIONS.—In this Act:

24 (1) ADMINISTRATOR.—The term “adminis-
25 trator” has the meaning given such term in section

1 3(16) of the Employee Retirement Income Security
2 Act of 1974.

3 (2) COBRA CONTINUATION COVERAGE.—The
4 term “COBRA continuation coverage” means con-
5 tinuation coverage provided pursuant to title XXII
6 of the Public Health Service Act, section 4980B of
7 the Internal Revenue Code of 1986 (other than sub-
8 section (f)(1) of such section insofar as it relates to
9 pediatric vaccines), part 6 of subtitle B of title I of
10 the Employee Retirement Income Security Act of
11 1974 (other than under section 609), section 8905a
12 of title 5, United States Code, or under a State pro-
13 gram that provides continuation coverage com-
14 parable to such continuation coverage.

15 (3) GROUP HEALTH PLAN.—The term “group
16 health plan” has the meaning given such term in
17 section 9832(a) of the Internal Revenue Code of
18 1986.

19 (4) STATE.—The term “State” includes the
20 District of Columbia, the Commonwealth of Puerto
21 Rico, the Virgin Islands, Guam, American Samoa,
22 and the Commonwealth of the Northern Mariana Is-
23 lands.

1 **SEC. 3. OPTIONAL TEMPORARY MEDICAID COVERAGE FOR**
2 **UNINSURED ELIGIBLE EMPLOYEES.**

3 (a) IN GENERAL.—Notwithstanding any other provi-
4 sion of law, a State may elect to provide, under its med-
5 icaid program under title XIX of the Social Security Act,
6 medical assistance in the case of an individual who is eligi-
7 ble for unemployment benefits, who is not eligible for
8 COBRA continuation coverage, and who is uninsured. For
9 purposes of this section, an individual is considered to be
10 uninsured if the individual is not covered under a group
11 health plan, health insurance coverage, or under such pro-
12 gram or a program under title XVIII or XXI of such Act.

13 (b) LIMITATION TO 18 MONTHS OF COVERAGE.—As-
14 sistance under this section shall end with respect to an
15 individual on the earlier of—

16 (1) the date the individual is no longer unin-
17 sured; or

18 (2) 18 months after the date the individual is
19 first determined to be eligible for medical assistance
20 under this section.

21 (c) SPECIAL RULES.—In the case of medical assist-
22 ance provided under this section—

23 (1) the Federal medical assistance percentage
24 under section 1905(b) of the Social Security Act
25 shall be 100 percent;

1 (2) a State may elect to disregard any income,
2 asset, or resource limitation imposed under the State
3 medicaid plan or under title XIX of such Act, ex-
4 cept, notwithstanding any other provision of law, a
5 State shall condition eligibility for assistance under
6 this section upon the payment of a monthly premium
7 approximating 25 percent of the average cost of pro-
8 viding the assistance under this section;

9 (3) such medical assistance shall not be pro-
10 vided for periods before the date the individual is de-
11 termined eligible for such assistance;

12 (4) a State may elect to make eligible for such
13 assistance a dependent spouse or children of an indi-
14 vidual eligible for medical assistance under sub-
15 section (a), if such spouse or children are uninsured;
16 and

17 (5) individuals eligible for medical assistance
18 under this section shall be deemed to be described
19 in the list of individuals described in the matter pre-
20 ceding paragraph (1) of section 1905(a) of such Act.

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